### COUNCIL COMMUNICATION

TO: THE CITY COUNCIL COUNCIL MEETING DATE: OCTOEER 18,1989

FROM: THE CITY MANAGER'S OFFICE

SUBJECT: ELECTRIC UTILITY INFORMATION PROGRAM -

NEWSLETTER EXPLAINING 1989 RATE INCREASE

<u>RECOMMENDED ACTION:</u> That the City Council authorize sending an informational newsletter to Lodi customers as a first step in *a* Departmental Information Program.

BACKGROUND INFORMATION: The City Council directed the Electric Department to investigate an informational program which would better inform Lodi consumers. Such an informational program would supplement the information provided in the media. The investigation was to provide two immediate results: first, a newsletter explaining the 1989 rate increase; second, an economic analysis of the cost/benefit of an on-going informational program.

An information newsletter (attached hereto) has been prepared which generally explains the impact of the rate increase, its proportionment toward residential users, and growth of inflation over the period since the last electric revenue increase. The cost of preparing and distributing the newsletter is \$5,524 as detailed in the attached cost estimate.

The staff has not had opportunity to fully explore cost/benefit of all appropriate informational program alternatives. We will submit our analysis of an on-going program to you shortly.

While the staff recommends sending the newsletter, we recognize the excellent job done by the News-Sentinel keeping the public informed. In fact, nearly all material contained in the newsletter has received coverage by the press.

Henry J. Rice

Electric Utility Director

Attach. (3)

City electric rates are always a large percent (%) below PG&E.

Present Lodi residential rates are 38.7% below PG&E. (Based upon 500 kilowatt-hours monthly average residential usage,)

The proposed Lodi electric rate increase to become effective November I, 1989, will result in a residential rate 21.1% below the present PG&E rate for the above usage,

After January 1, 1990, the Lodi residential rate will be 34.2% below PG&E for the above usage. This results because PG&E has applied for an electric rate increase to become effective January 2, 1990. Therefore, Lodi residential rates will almost return to the present % difference currently enjoyed by our customers.

### EFFECT ON RESIDENTIAL CUSTOMERS

With City Council approval of the proposed rates, a residential customer who uses 500 kilowatt-hours (kwh) of electricity per month (typical average customer usage) would see a monthly electric bill increase of \$4.79 in summer, from \$32.73 to \$37.52; and \$4.96 in winter, from \$34.33 to \$39.29. A residential individual bill may differ from this example.

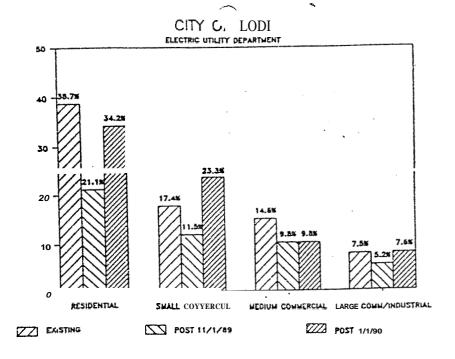
### COMPARISON WITH PG&E LOCAL RESIDENTIAL RATES

In comparing the proposed Lodi rates to PG&E's present local base customer rates at the usage of 500 kwh, there would be a monthly difference of 58.05 in summer, \$37.52 (Lodi) to \$45.53 (PG&E); and \$8.19 in winter, 839.29 to \$47.48. PG&E has a requested increase scheduled to be implemented January 1, 1990, which will additionally widen the difference.

Twolte Month

#### ELECTRIC RATE ADJUSTMENT

		TMETAE MOURI
	Number of	Increase
Customer Category	Customers	Percent
Residential (EA)	28,500	14.0%
Small Commercial (G1)	2,070	5.3%
Medium Commercial (G2)	210	4.4%
Industrial (G3)	19	0.43



City electric rates are always a large percentage (%) below PG&E.

The graph at the left illustrates average savings in percent that Lodi customers realize over those of the surrounding investor-owned electric utility (PG&E). Savings comparisons are shown based on the existing rates for Lodi and PG&E, on the Lodi 11/1/89 rate adjustment, and on the PG&E requested rates for 1/1/90.

Twelve Month

### ELECTRIC RATE ADJUSTMENT

Number of	Increase
<u>Customers</u>	Percent
18,500	14.0%
2,070	5.3%
210	4.4%
19	0.4%
	<u>Customers</u> 18,500 2,070 210

## THE EFFECT OF THE ELECTRIC UTILITY PROPOSAL ON RESIDENTIAL CUSTOMERS.

With City Council approval of the proposed rates, a residential customer who uses 500 killowatt-hours (kwh) of electricity per month (typical average customer usage) would see a monthly electric bill increase of \$4.79 in summer, from \$32.73 to \$37.52; and \$4.96 in winter, from \$34.33 to \$39.29. A residential individual bill may differ from this example.

### COMPARISON WITH PG&E LOCAL RESIDENTIAL RATES-

In comparing the proposed Lodi rates to PG&E's present local base customer rates at the usage of 500 kwh, there would be a monthly difference of \$8.01 in summer, \$37.52 (Lodi) to \$45.53 (PG&E); and \$8.19 in winter, \$39.23 to \$47.48. PG&E has a requested increase scheduled to **be** implemented January 1, 1990, which will additionally widen the difference.

### NEWSLETTER PRELIMINARY COST ESTIMATE

Based on 22,000 copies of a two-sided, black and white, bulk rate newsletter:

Label purchase	\$ 110	
Label printing	Finance Department	
Label application/Fold/Staple	1,760	
Typeset	150	
Printing	600	
Mailing (13.2¢/flyer)	2,904	
	\$5,524 25.1¢	flyer

The Special Education class in Lodi and the Valley Regional in Stockton offer newsletter label application, folding and sealing services.

### COMMON RATE SCHEDULE DEFINITIONS

Billing Cycle: The time period for which charges for electric power use are calculated.

Billing Demand: The demand upon which billing to a customer is based.

<u>Common Areas:</u> Areas which contain hallway and stairwell lighting, laundry rooms, swimming pool and other recreational areas, etc., which are available for use by all tenants.

<u>Customer Charge:</u> A flat charge always collected regardless of the amount of energy used (does not apply to residential service).

<u>Demand:</u> Demand is the average of the rate of energy consumption during a given period of time (interval, usually fifteen minutes). It is measured in kilowatts (kw). Demand meters record the highest demand occurring.

<u>Diversified Resistance Welder Load:</u> The total of all installed individual resistance welder ratings as computed by the method shown in the Electric Utility Department's Rules and Regulations.

Master Metering: The case where more than one premise has been allowed to be served through a single (master) meter.

Metering Interval: The time period (usually fifteen minutes) over which demand readings are determined.

Minimum Chai-qe: A provision in a rate schedule that a customer's bill cannot fall below a specified level (applies to residential service only). No billing for the Minimum Charge occurs once a certain level of energy has been purchased.

Primary Service Voltage: The voltage class for service at 12,000 volts.

<u>lotalizing:</u> The time-interval by time-interval (usually fifteen minutes) summation of demand and energy from more than one set of meters. The highest such totalized demand is the Billing Demand for the Billing Cycle.

Transfer from Residential to Commercial Service Within Home: Business -license issuance initiates such transfer through the City Finance Department.

# RESIDENTIAL ELECTRIC BILL CALCULATION (Eased on Rates Effective 11/1/89)

SUMMER (Kay through October)

Example #1 - Usage 50 kwh	
Minimum Charge	\$ 4.00
Energy Charge First 440 ksh: 50 kwh x 5.06974 per kwh Over 440 kwh:	\$ 3.49 0.00 \$ 3.49
Monthly Charge - your electric bill:	\$ 4.00
(The Minimum Charge is higher than the Energy Charge; therefo is no Energy Charge.)	re, there
Example #2 - Usage 600 kwh	
Minimum Charge	\$ 4.00
Energy Charge	
First 440 kwh: 440 kwh <b>x</b> \$.06974 per kwh Over 440 kwh: 160 kwh x \$.11396 per kwh	\$30.69 <u>18.23</u> \$48.92
Konthly Charge - your electric bill:	\$46.92
(The Energy Charge is higher than the Kinimurn Charge; therefo is no Minimum Charge.)	re, there
WINTER (November through April)	
Example f3 - Usage 50 ky.h Minimum Charge	\$ 4.00
Energy Charge First 400 kwh: 50 kwh x \$.06974 per kwh Over 400 kwh:	\$ 3.43 0.00
Monthly Charge - your electric bill:	\$ 4.00
(The Minimum Charge $is$ higher than the Energy Charge; therefor is $\underline{\textbf{no}}$ Energy Charge.)	re, there
Example #4 - Usage 600 kwh Minimum Charge	\$ 4.00
Energy Charge First 400 kwh: 400 kwh x 5.06974 per kwh Over 400 kwh: 200 kwh x 5.11396 per kwh	527.90 22.79 \$50.69
Monthly Charge - your electric bill:	250.69
(The Energy Charge is higher than the Minimum Charge; therefo is no Minimum Charge.)	re, there